The Study of Service Innovation Affect Satisfaction and Loyalty: The Case of Mongolian E-Bank

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ABSTRACT

This research aims to investigate the relationship between service innovation, satisfaction and loyalty of the e-bank sector in Mongolia. The survey respondents were collected from a total of 203 completed questionnaires. This research uses a statistic method of descriptive, factor, correlation, and regression analysis by SPSS software. Data was collected through the web-based survey. As a result of this research, service innovation (SI) has a positive significant influence on loyalty (L) (H1 supported) and customer satisfaction (CS) (H2 supported.

KEYWORDS: Service Innovation, Loyalty, Satisfaction, E-Bank

INTRODUCTION

Technology affects the life of every person, both qualitatively and quantitatively in this century. The rapid spread of information technology has absorbed the lives of millions of people, and has made major changes in the global economy and business climate. The technological development of the banking industry has accelerated customer communication and transactions (Booz et al., 1997). Internet banking is currently one of the fastest growing banking technologies. Its definition is that banks provide information or services to their customers via the Internet. It is regarded as a supplementary channel used in conjunction with other channels to provide banking convenience at any time at home or at work without having to bear some costs associated with visiting branches, such as visiting branches or waiting online. Electronic banking eliminates the physical and geographic boundaries and time constraints of banking services (Yang et al., 2007). In addition, compared with traditional banking labor, the replacement of machines is very cheap, they are inexpensive, and can be easily used 24 hours a day, 7 days a week (Wu et al., 2006). Electronic banking services first appeared in the early 1990s, when the three main applications were ATM, credit card and telephone banking. In the past decade, databases, information systems and other technologies have been applied to different levels of banking services.

As we enter the 21st century, the digital revolution has undoubtedly changed almost all aspects of daily life. As more and more people in the world connect to the Internet, the power of the World Wide Web and global e-commerce is becoming more and more important (Siu et al., 2005).

Competitive advantages associated with technology adoption in service organizations include creating barriers to entry, increasing productivity, and increasing revenue from new services (Fitzsimmons & Fitzsimmons, 1997). However, the development of information and communication technology provides a platform through which banks can design, develop and provide customers with services that are regarded as excellent when accessing online banking channels (Surjadjaja et al., 2003). Service quality is one of the main determinants of the success of e-commerce (Santos, 2003).

In any environment such as "customer to business", customer satisfaction is the ultimate goal of the business. For most marketers and consumers, this is an important theory and a practical problem, because organizations sometimes do not fully understand what customers think (Fournier & Mick, 1999; Thabit et al., 2018). The concept of customer satisfaction is also important for service organizations such as banks, because many people believe that higher customer satisfaction will lead to higher customer loyalty (Boulding et al., 1993), which in turn will bring future revenue . "Customer satisfaction" not only means satisfied customers, but also more. The concept of customer satisfaction is a combination of two different words, namely customer and other/her satisfaction. Generally speaking, the term "buyer" refers to a buyer who purchases products or uses other services. "Satisfaction" occurs when a person gets what he needs, what he wants, what he expects, what he deserves or considers his rights.

According to Bloemer et al (1998), e-banking loyalty is defined as a targeted decision to commit to one bank from a set of e-banks over a period of time. In this study, customer loyalty refers to customers who have a favorable relationship with their e-banking of their choice, as reflected in their recommendation on how likely a consumer is to recommend their e-banking to a friend or colleague.
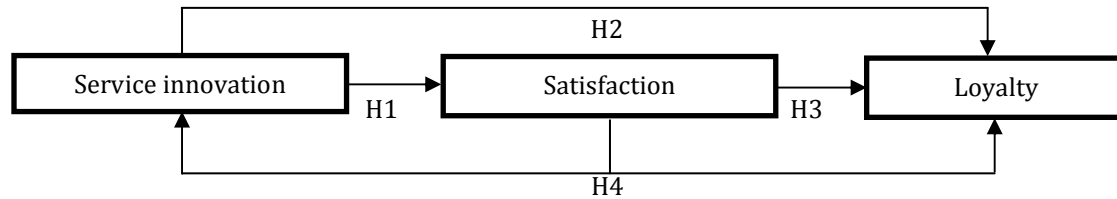

Figure 1 Research Framework

For this purpose, there are four hypotheses are developed on the basis of the literature review.

Table 1 Hypotheses Summary

	Hypotheses
H1	Service innovation has positively significant effect on customer satisfaction.
H2	Service innovation has positively significant effect on customer loyalty.
H3	Satisfaction has positively significant effect on customer loyalty.
H4	Satisfaction has mediatiating effect between service innovation and loyalty.

Result

In the survey, 65.5% of them are male and 42.9% of total respondents are people who have 26-30 ages. Also, 82.8% of total respondents are employee, 61.1% of the respondents are single and people with bachelor and master's degree cover 96.1%. Most of the respondents are people (98%) who have use e-bank service. Finally, shows that the data was successfully gathered from people with multiple characteristics. Provides descriptive statistics by questionnaire items for each research variable, including mean values and standard deviations. These research variables involved 4 items of service innovation (5-point Likert-style Scale). The grand mean of the total items of Service Innovation (SI) is 4.40.As shown in provides descriptive statistics by questionnaire items for each research variable, including mean values and standard deviations. These research variables involved three items of Loyalty (5-point Likert-style Scale). The grand mean of the total items of Loyalty (L) is 3.94.As shown in provides descriptive statistics by questionnaire items for each research variable, including mean values and standard deviations. The grand mean of the total items of Customer Satisfaction (CS) is 4.20.

Factor analysis and Reliability test

Service Innovation: The result, Bartlett's Test of Sphericity is 318.720, and the significance is .000 (below .05). Besides, KMO is .741 (higher than .50). That shows the data is appropriate for factor analysis. The entire three items, the cumulative explained variance of 85.12% (over than 50%), Cronbach's α is .869, have been taken into account for further analysis, Loyalty: That shows the data is appropriate for factor analysis. The entire three items, the cumulative explained variance of 69.54% (over than 50%), Cronbach's α is .754, have been taken into account for further analysis, Customer Satisfaction: The entire three items, the cumulative explained variance of 89.04% (over than 50%),

Cronbach's α is .872, have been taken into account for further analysis.

Correlation Analysis

SI has a significantly positive correlation with L and CS (r= .759, p< .01; r= .592, p< .01; separately). L has a significantly positive correlation with SI and CS (r= .759, p< .01; r= .659, p< .01; separately). CS has a significantly positive correlation with SI and L (r= .592, p< .01; r= .659, p< .01; separately).

Regression Analysis

Relationship between Service Innovation and Loyalty

With the end goal of observationally researching the impact Service Innovation (SI) on Loyalty (L), progressive relapse was led in this examination (see Table 4-9). According to the analyses mentioned above, the results can imply that Service Innovation (SI) has a significantly positive influence on Loyalty (L) so that Hypothesis 1 is fully supported.

Relationship between Service Innovation and Customer Satisfaction With the end goal of observationally researching the impact Service Innovation (SI) on Customer satisfaction (CS), progressive relapse was led in this examination. According to the analyses mentioned above, the results can imply that Service Innovation (SI) has a significantly positive influence on Customer Satisfaction (CS) so that Hypothesis 2 is fully supported.

Relationship between Customer Satisfaction and Customer Loyalty

With the end goal of observationally researching the impact Satisfaction (S) on Loyalty (L), progressive relapse was led in this examination (see Table 4-11). According to the analyses mentioned above, the results can imply that S has a significantly positive influence on L so that Hypothesis 3 is fully supported.

CS has mediatiating effect between SI and L

With the end goal of observationally researching the impact CS on SI and L progressive relapse was led in this examination. The results show that CS has an insignificant influence on SI and L so that Hypothesis 4 is not supported.

Conclusion

This study mainly explored the influence of service innovation affect satisfaction and loyalty of e-bank sector in Mongolia. To accomplish the goal, the study planned to gather an online survey based on a five-point Likert scale from 203 customers. The questionnaire data was collected from 203 e-banking customers through social media. These hypotheses were formed and developed based on the goals of this research and the previous detailed literature review. Investigate the collected data through the following

techniques, descriptive statistical analysis, reliability and validity testing, correlation analysis and regression analysis to ensure the accuracy of the analysis results.

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